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State/Territory Name: Texas

State Plan Amendment (SPA) #: 19-0031

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved Page

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S3-14-28  
Baltimore, Maryland 21244-1850



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**Financial Management Group**

October 30, 2019

Ms. Stephanie Muth  
State Medicaid/CHIP Director  
Health and Human Services Commission  
Mail Code: H100  
Post Office Box 13247  
Austin, Texas 78711

RE: TN 19-0031

Dear Ms. Muth:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 19-0031. The proposed amendment will remove recent revisions to the inflation projection methodology for intermediate care facilities for individuals with an intellectual disability (ICF/IID) and to the nursing wage inflation methodology.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C.

Based upon the information provided by the State, Medicaid State plan amendment 19-0031 is approved effective July 13, 2019. We are enclosing the CMS-179 and the new plan page.

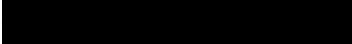

If you have any questions, please call Tamara Sampson at (214) 767-6431.

Sincerely,

A black rectangular redaction box covering the signature of Kristin Fan.

Kristin Fan  
Director

cc:  
Tia Lyles  
Tamara Sampson

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES</b>		1. TRANSMITTAL NUMBER: <b>19-0031</b>	2. STATE: <b>TEXAS</b>
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE: <b>July 13, 2019</b>	
5. TYPE OF PLAN MATERIAL (Circle One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION:  <b>42 CFR §440.150 Section 1905(a)(24) of the Social Security Act</b>		7. FEDERAL BUDGET IMPACT: <b>SEE ATTACHMENT</b> a. FFY 2019      \$0.00 b. FFY 2020      \$0.00 c. FFY 2021      \$0.00	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  <b>SEE ATTACHMENT TO BLOCKS 8 &amp; 9</b>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  <b>SEE ATTACHMENT TO BLOCKS 8 &amp; 9</b>	
10. SUBJECT OF AMENDMENT:  <b>This proposed amendment revises the cost projection methodology for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) and the nursing wage inflation methodology for ICF/IID.</b>			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt. <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO:  <b>Stephanie Muth State Medicaid Director Post Office Box 13247, MC: H-100 Austin, Texas 78711</b>	
13. TYPED NAME: <b>Stephanie Muth</b>			
14. TITLE: <b>State Medicaid Director</b>			
15. DATE SUBMITTED: <b>September 30, 2019</b>			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: <b>September 30, 2019</b>		18. DATE APPROVED: <b>OCT 30 2019</b>	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: <b>July 13, 2019</b>		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: <b>Kristin Fan</b>		22. TITLE: <b>Director, FMG</b>	
23. REMARKS:			

**Attachment to Blocks 8 & 9 of CMS Form 179**

**Transmittal Number 19-0031**

**Number of the  
Plan Section or Attachment**

Attachment 4.19-D (ICF/IID)  
Page 3

**Number of the Superseded  
Plan Section or Attachment**

Attachment 4.19-D (ICF/IID)  
Page 3 (TN 19-0011)

**State: Texas**  
**Date Received: September 30, 2019**  
**Date Approved: OCT 30 2019**  
**Date Effective: July 13, 2019**  
**Transmittal Number: 19-0031**



**Reimbursement Methodology for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID), continued**

9. Projected Costs. HHSC projects ICF/IID providers' costs by accounting for changes in cost-related conditions anticipated to occur between the base period and the prospective rate period. Such changes include, but are not limited to, wage-and-price inflation or deflation, changes in program utilization, modifications of federal or state regulations and statutes, and implementation of federal court orders and settlement agreements. The base period is a single state fiscal year spanning from September 1 through August 31, and the prospective rate period is two state fiscal years beginning with the first day of a state fiscal year which is at least one fiscal year after the base period year. Inflation factors and multipliers that HHSC uses to project costs from the base period to the prospective rate period are determined per 9(a) through 9(c).

(a) General Inflation Index. For general inflation adjustments, HHSC uses the Personal Consumption Expenditures (PCE) chain-type price index published by the Bureau of Economic Analysis of the U.S. Department of Commerce. HHSC uses the lowest feasible PCE forecast published by IHS Markit or its successor.

(b) Item-specific and Program-specific Inflation Indices. HHSC uses specific indices in place of the general inflation index when appropriate item- or program-specific cost indices are available from cost reports or other surveys, other Texas state agencies, nationally recognized public agencies, or independent private firms or sources, and HHSC has determined that these specific inflation indices are derived from information that adequately represents the program(s) or cost(s) to which the specific index is to be applied. The item-specific index that HHSC uses for ICF/IID providers' costs is specified in 9(b)(1).

(1) Nursing wages are inflated by wage trend factors derived from wage and hour survey information submitted on cost reports or special surveys.

(c) Adjustment of Tax Rates. HHSC includes Federal Insurance Contributions Act (FICA) payroll tax rates, such as for Social Security taxes and Medicare taxes, and Federal Unemployment Tax Act (FUTA) and State Unemployment Tax Act (SUTA) tax rates in its cost projections of non-contracted staff salaries and wages. Unemployment tax costs are projected based upon the annual average SUTA rate in the state of Texas obtained from the Texas Workforce Commission plus the appropriate FUTA tax rate set by federal statute. When a FICA tax rate or FUTA tax rate is amended per federal statute, HHSC adjusts its cost projections in accordance with the amended tax rate.

(d) State-operated facility costs used in the interim payment rate determination are adjusted in accordance with 10(a)(2)(A).

State: Texas  
Date Received: September 30, 2019  
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TN: 19-0031

Approval Date: OCT 30 2019

Supersedes TN: 19-0011

Effective Date: 7-13-2019